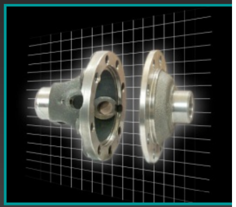


Trends and Opportunities in the Indian Automotive Sector

Presentation by

Mr. Deep Kapuria

Past President, ACMA
& CMD, Hi-Tech Gears Ltd.

25 th March 2009

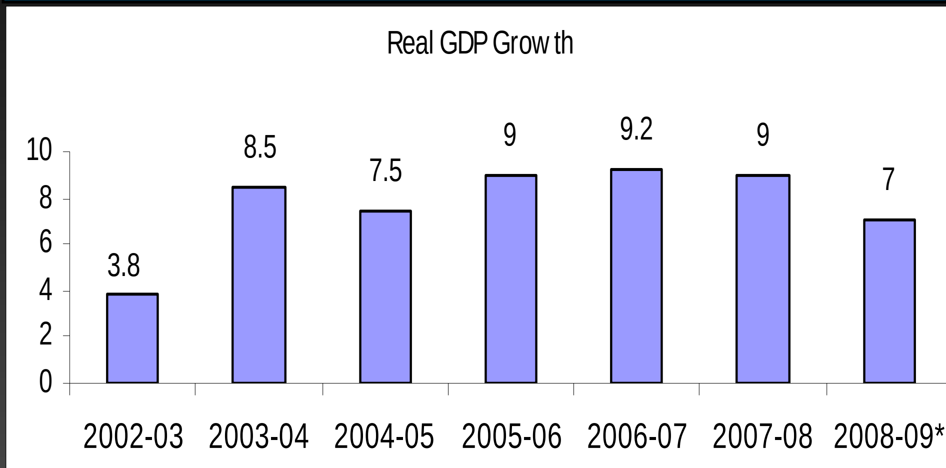
Automotive Component Manufacturers Association of India

ACMA

Contents

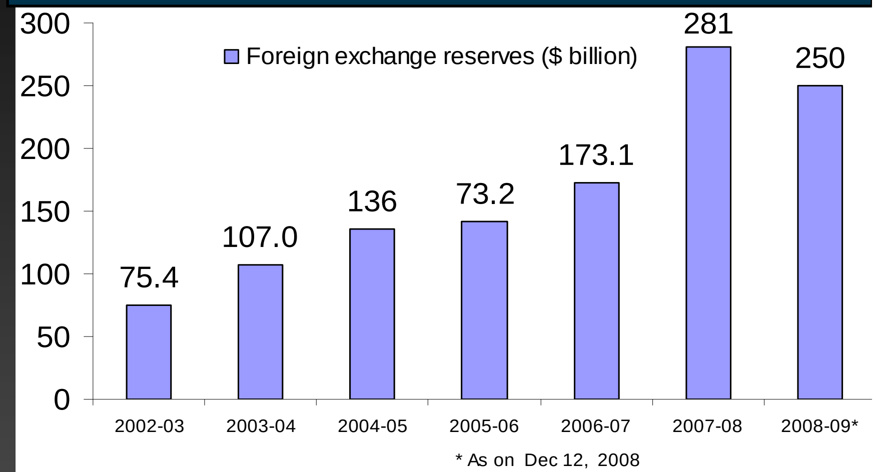
A Booming Market Economy

Real GDP Growth (%)

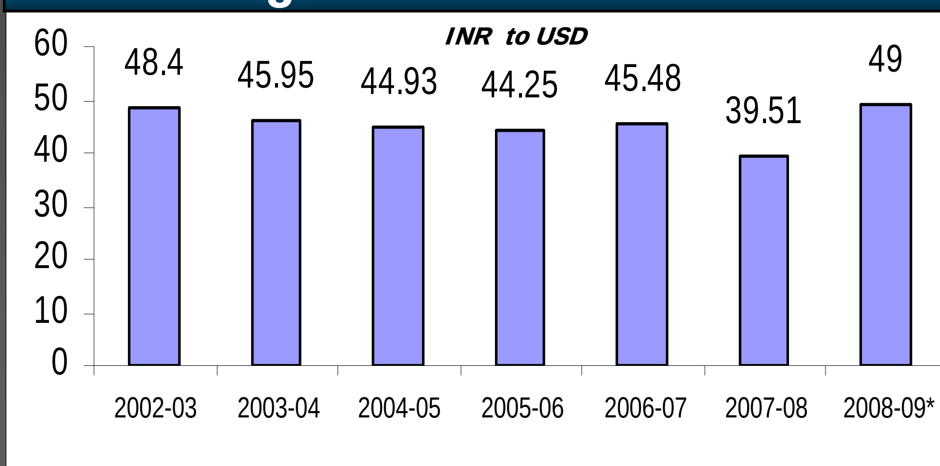


* As on Dec 08

Foreign Exchange Reserves

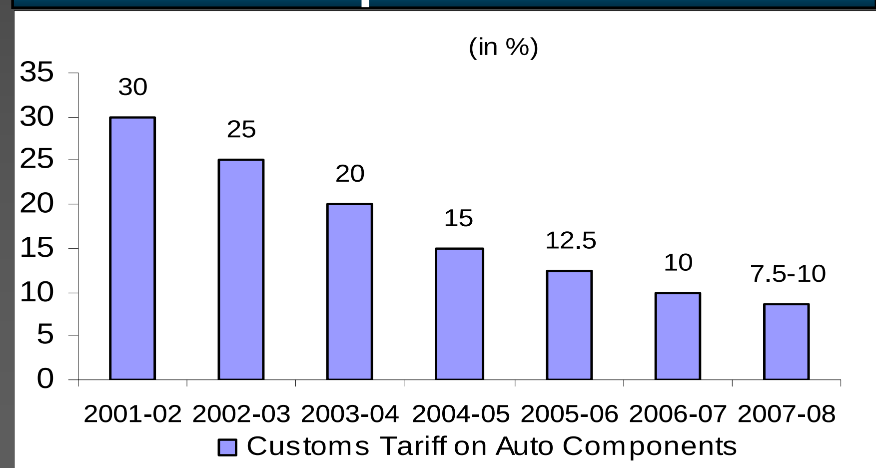


Exchange Rate is Market Driven



* As on Dec 2008

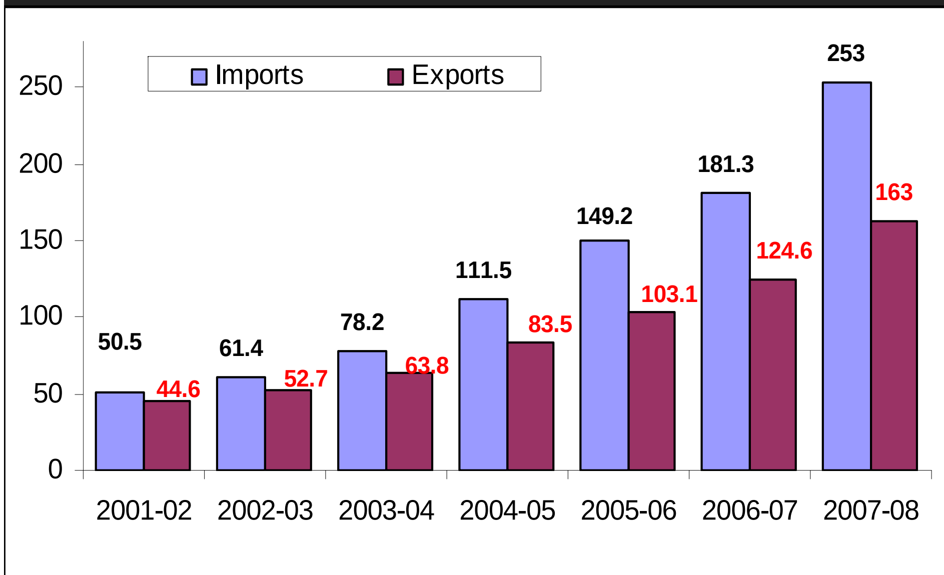
Continued Import Tariff Reduction



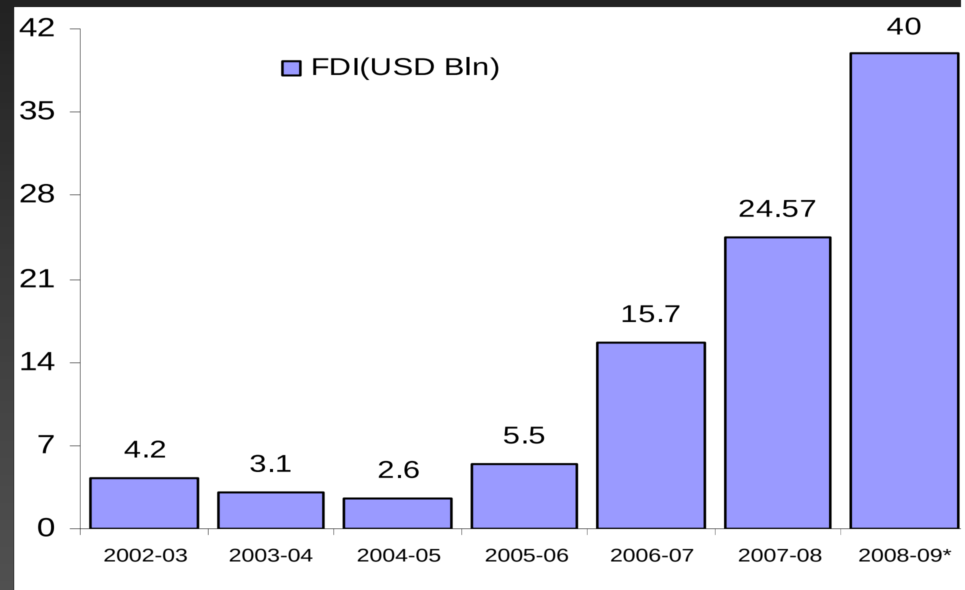
Source: Economic Survey 2007-08

A Booming Market Economy

India's Foreign Trade (USD Billion)



FDI Inflow in India (USD Billion)



* Estimated

Source: Economic Survey 2007-08 & RBI Bulletin

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What does this mean for us?

The Demand Drivers

Short Term	Long Term
Infrastructure development ($500 billion in the next 5-6 years)	According to McKinsey, the middle class will grow from 50 million to 550 million by 2025
Low penetration rate of Cars (7-8/1000)	Continuously Improving Quality resulting in Export of Automobiles and Auto components
Easy access to capital although interest rate is high (Although there is a Credit Squeeze in Short Term)	Low cost of Skilled Manpower & Rapidly growing Design Capability

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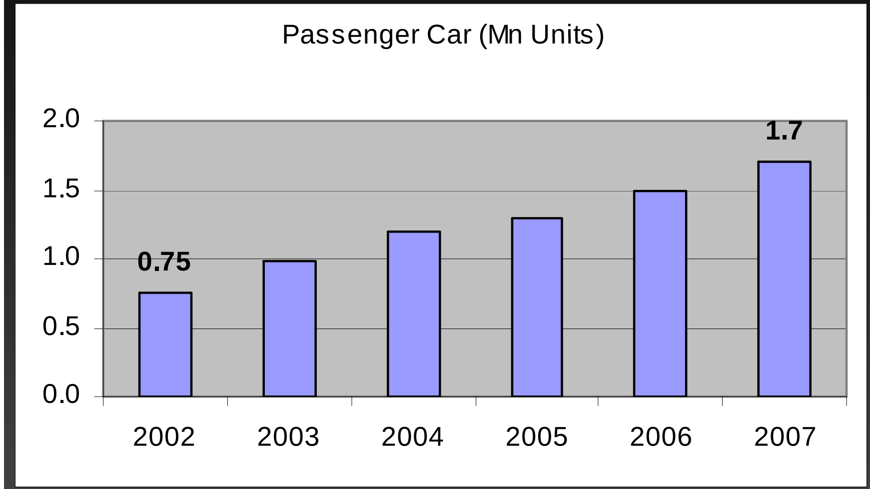
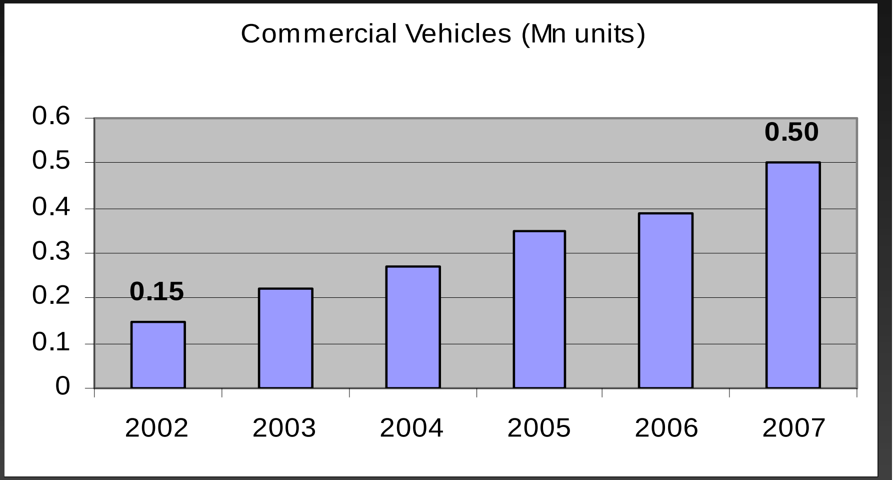
Investments are Regionally Balanced

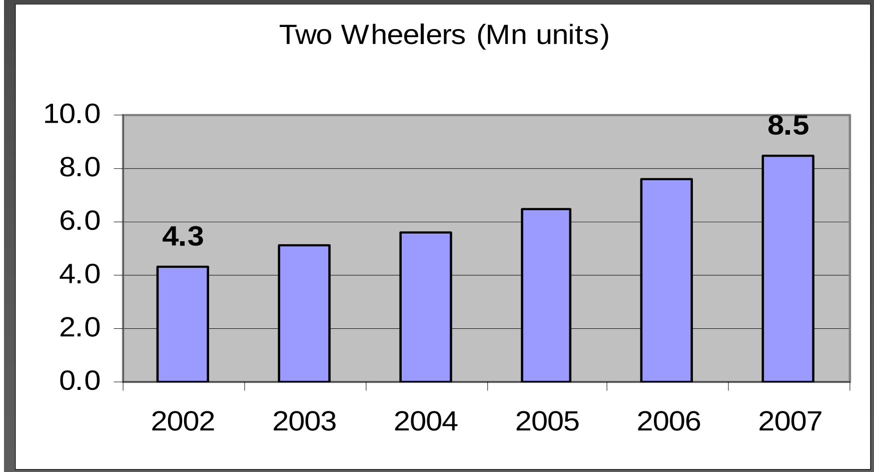
Automotive Growth Pattern



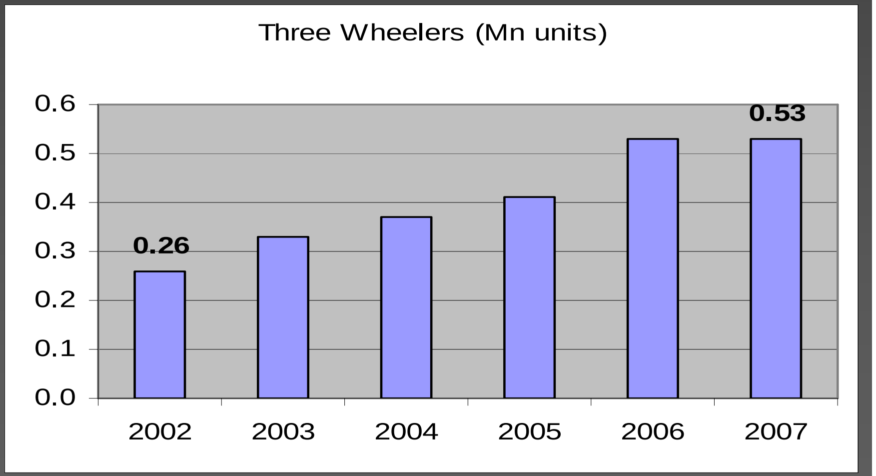
CAGR 16%



CAGR 24%



CAGR 12%



CAGR 15%

Source : SIAM

Total production 11 Mn vehicles – Robust Growth

“INDIA” – A Base for Compact Cars

Maruti Suzuki :
- New car plant
- Capacity 250K

Hyundai :
- Increase capacity to 600K cars.

Tata Motors :
- New plant to manufacture Nano Car,
- Selling price USD 2000
- investment US $ 240 million.
- Capacity 500K

Toyota :
- New Capacity 200K cars by 2008

General Motors :
- New plant capacity 140K.
- SOP Q3 2008.

Nissan-Renault :
- 50:50 JV,
- Capacity 400K
- Investment USD 1 Billion

VW :
- New plant Investment 400 million euro SOP Q3 2009.

Honda :
- New Capacity 60K Investment $ 250 SOP Q1 2009.

Ford :
- New Investment US$ 500 million

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Expectation Ahead
Future Numbers : 2016

Numbers in millions

Segments	Domestic Sales	Exports	Total	Global Position
Passenger Vehicles	3.00	1.10	4.10	7
Commercial Vehicles	0.70	0.08	0.78	4
Three Wheelers	0.97	0.50	1.47	1
Two Wheelers	32.0	3.00	35.00	2

Source : SIAM

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Vehicle Production & Sales : Till 3rd Qtrs (April-Feb) (Qty in '000 Nos.)

(Number of Vehicles)

Category	Production			Domestic Sales			Exports		
Segment / Subseg	Apr-Feb	Apr-Feb	% Gr.	Apr-Feb	Apr-Feb	% Gr.	Apr-Feb	Apr-Feb	% Gr.
	2007-08	2008-09		2007-08	2008-09		2007-08	2008-09	
I Pasger Veh(PVs)	1,595,708	1,634,458	2.43	1,382,815	1,386,692	0.28	193,182	301,952	56.30
M&HCVs	261,409	175,583	-32.83	240,364	164,172	-31.70	19,105	15,432	-19.23
LCVs	230,949	201,349	-12.82	193,408	178,180	-7.87	32,540	24,393	-25.04
Total CVs	492,358	376,932	-23.44	433,772	342,352	-21.08	51,645	39,825	-22.89
Total 3 Wheelers	464,653	460,357	-0.92	335,049	316,599	-5.51	130,660	140,364	7.43
Total 2 wheelers	7,327,588	7,670,660	4.68	6,618,302	6,783,653	2.50	744,461	934,653	25.55
Grand Total	9,880,307	10,142,407	2.65	8,769,938	8,829,296	0.68	1,119,948	1,416,794	26.51

Source : SIAM

Auto Component Industry - Statistics

Value in US$ billion

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09 Apr-Nov
Turnover	6,730	8,700	12,000	15,000	18,000	19,000?
Growth in %	24.6%	29%	38%	25%	20%	6%
Exports	1,274	1,692	2,469	2,873	3,615	3,800?
Growth in %	37%	34%	47%	16%	24%	5.5%
Investment	3,100	3,750	4,400	5,400	7,200	7,700 ?
Employment In No.	2,50,000	2,60,000	2,75,000	3,00,000	3,50,000	4,00,000
Export as % Of Turnover	18.9%	19.5%	20.5%	19.2%	20.1%	20.1%

(50 - 70 thousand Casual Labours have been laid off between Sep'08 to Dec'08)

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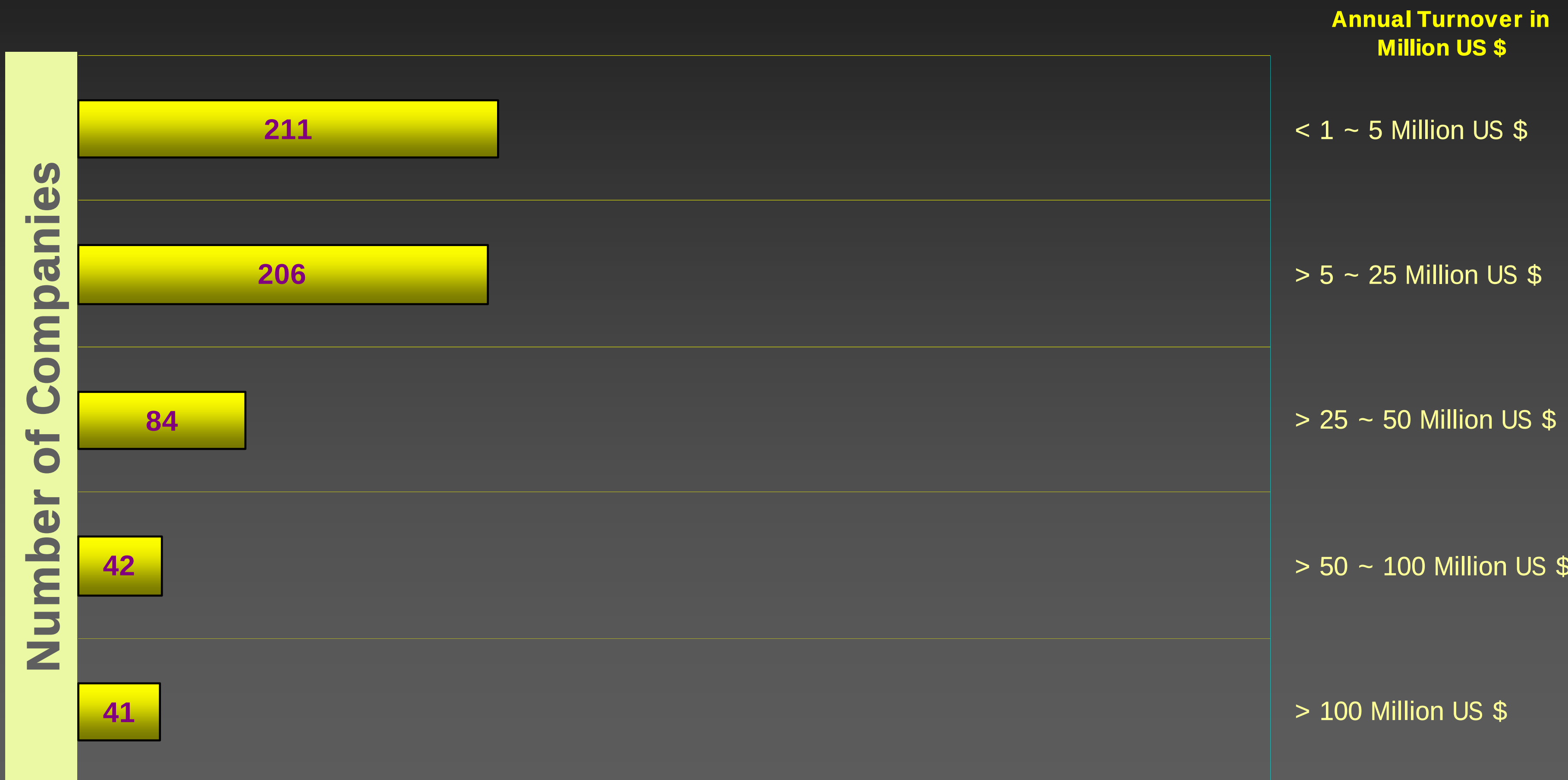
Auto Component Industry Structure



ACMA's membership comprises 584 companies.

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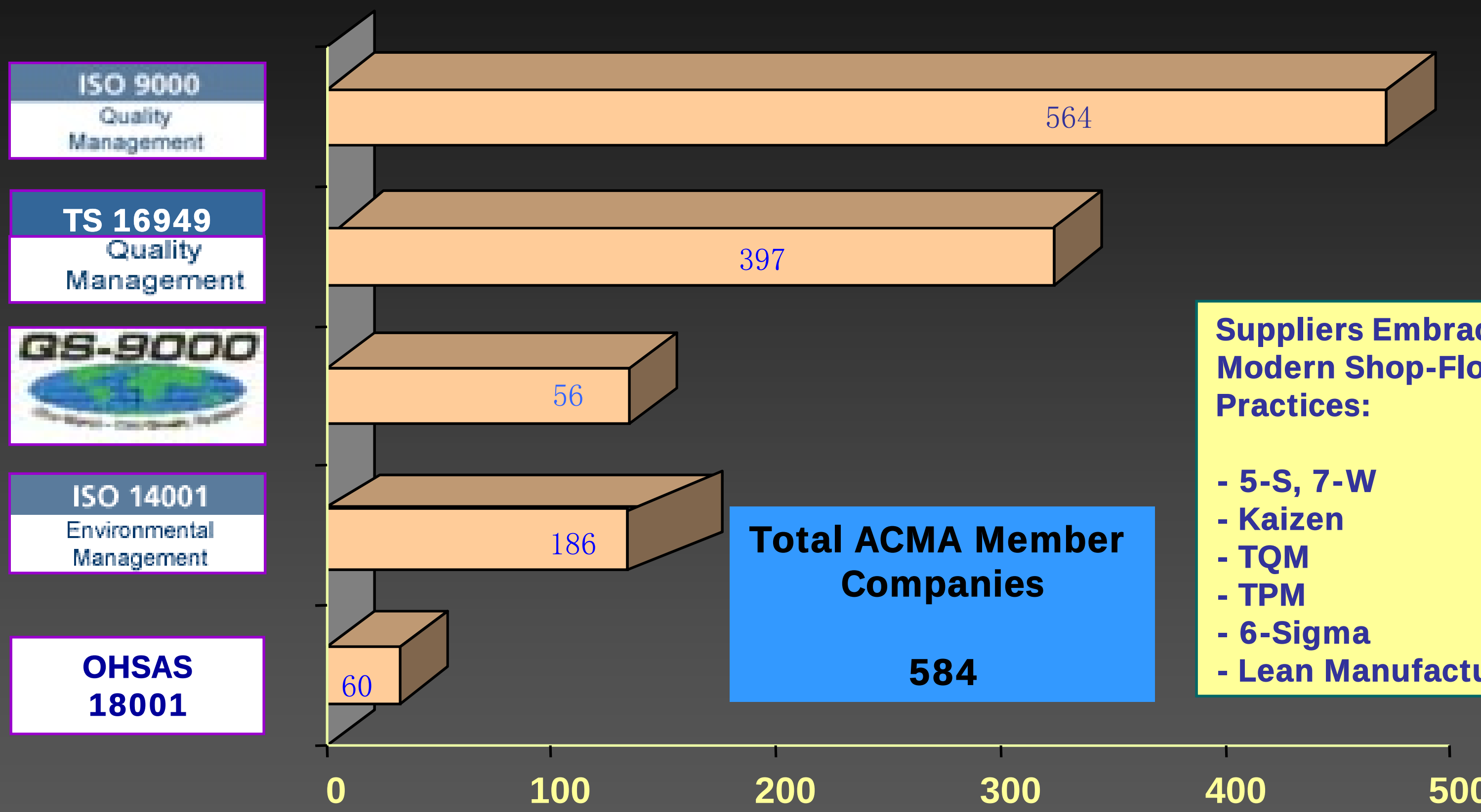
The Industry is graduating to world-class



Total ACMA Member Companies

584

Suppliers Embracing Modern Shop-Floor Practices:

- 5-S, 7-W
- Kaizen
- TQM
- TPM
- 6-Sigma
- Lean Manufacturing

DEMING AWARD 11

TPM Awards 15

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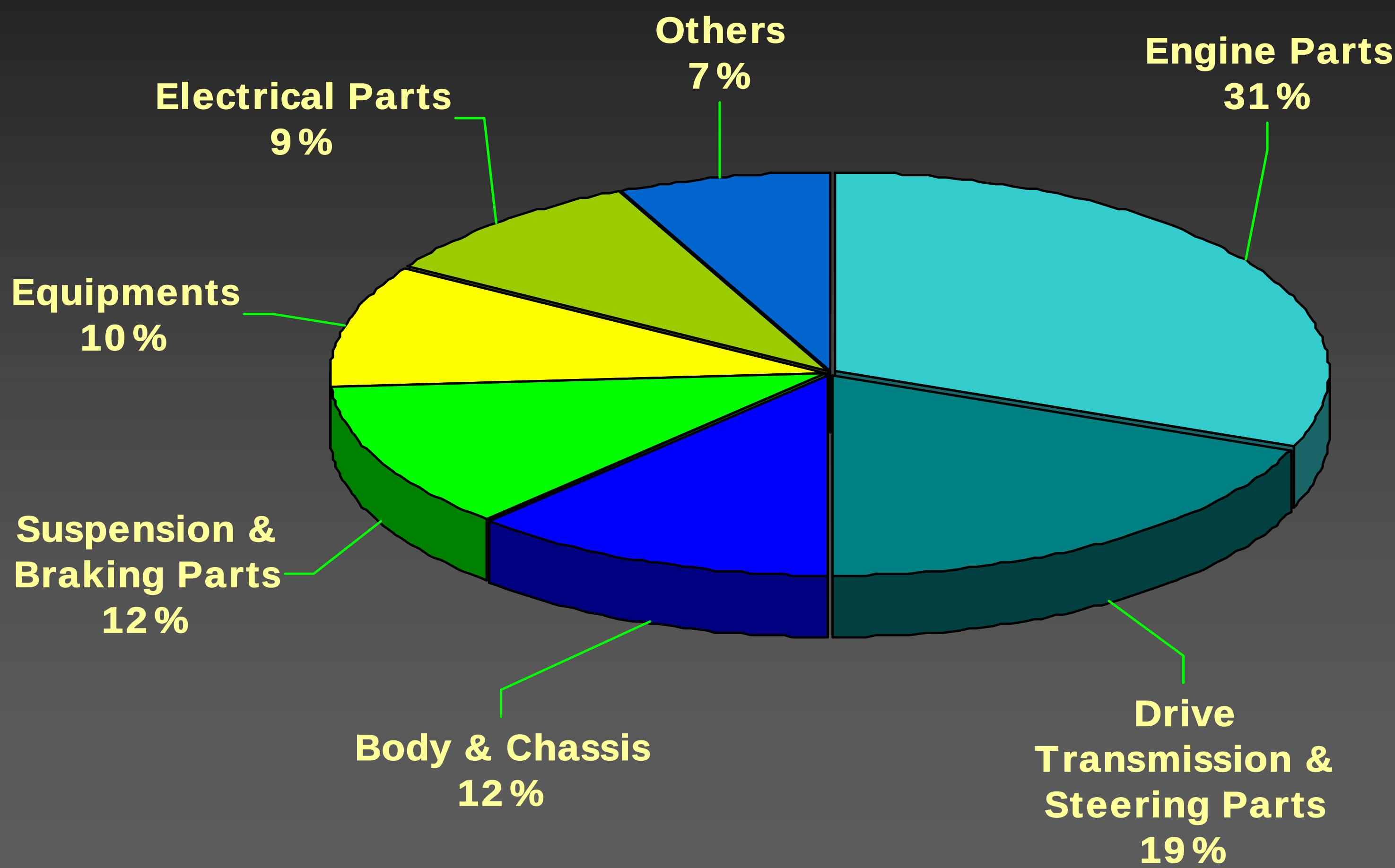
Comprehensive Product Range



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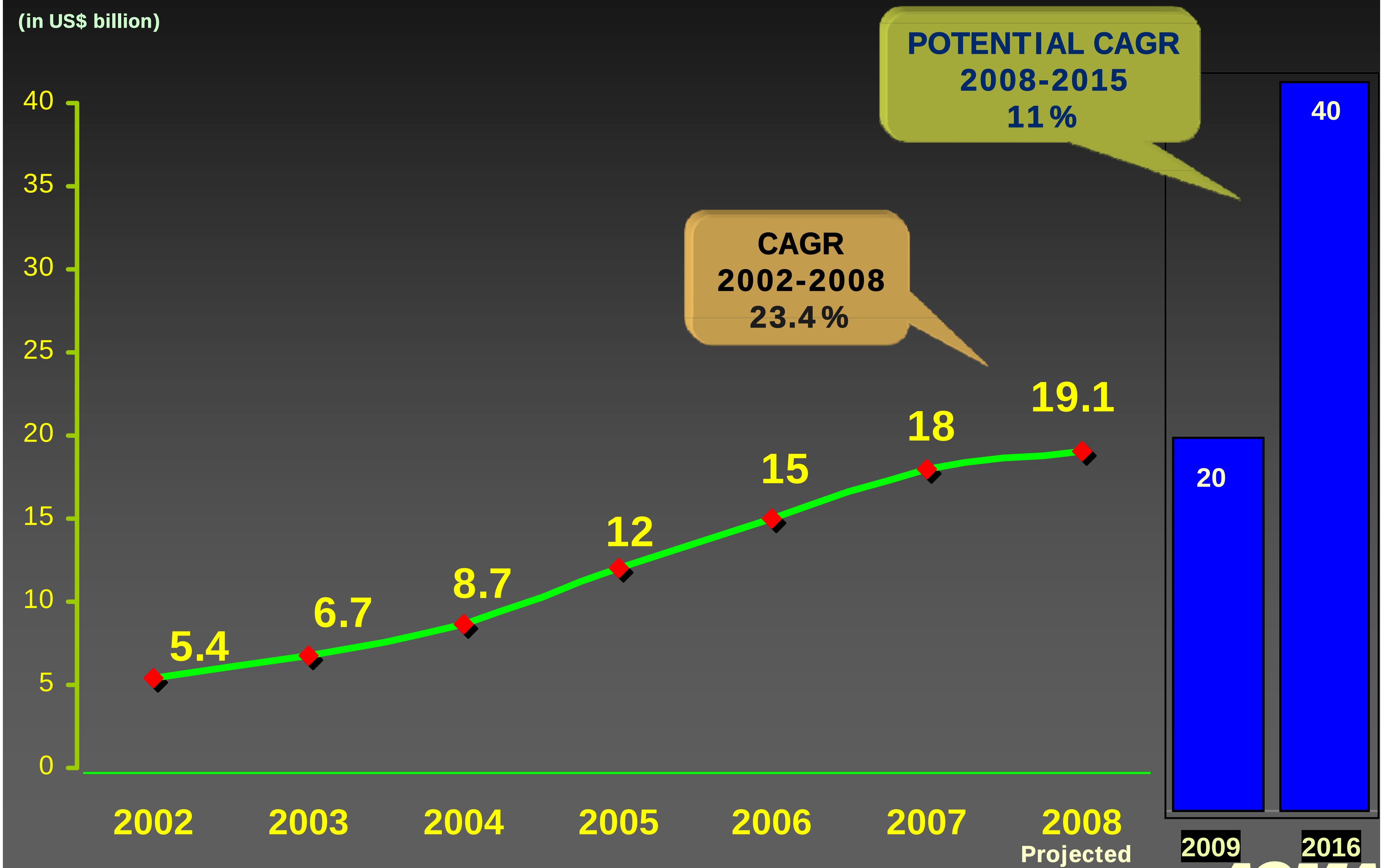
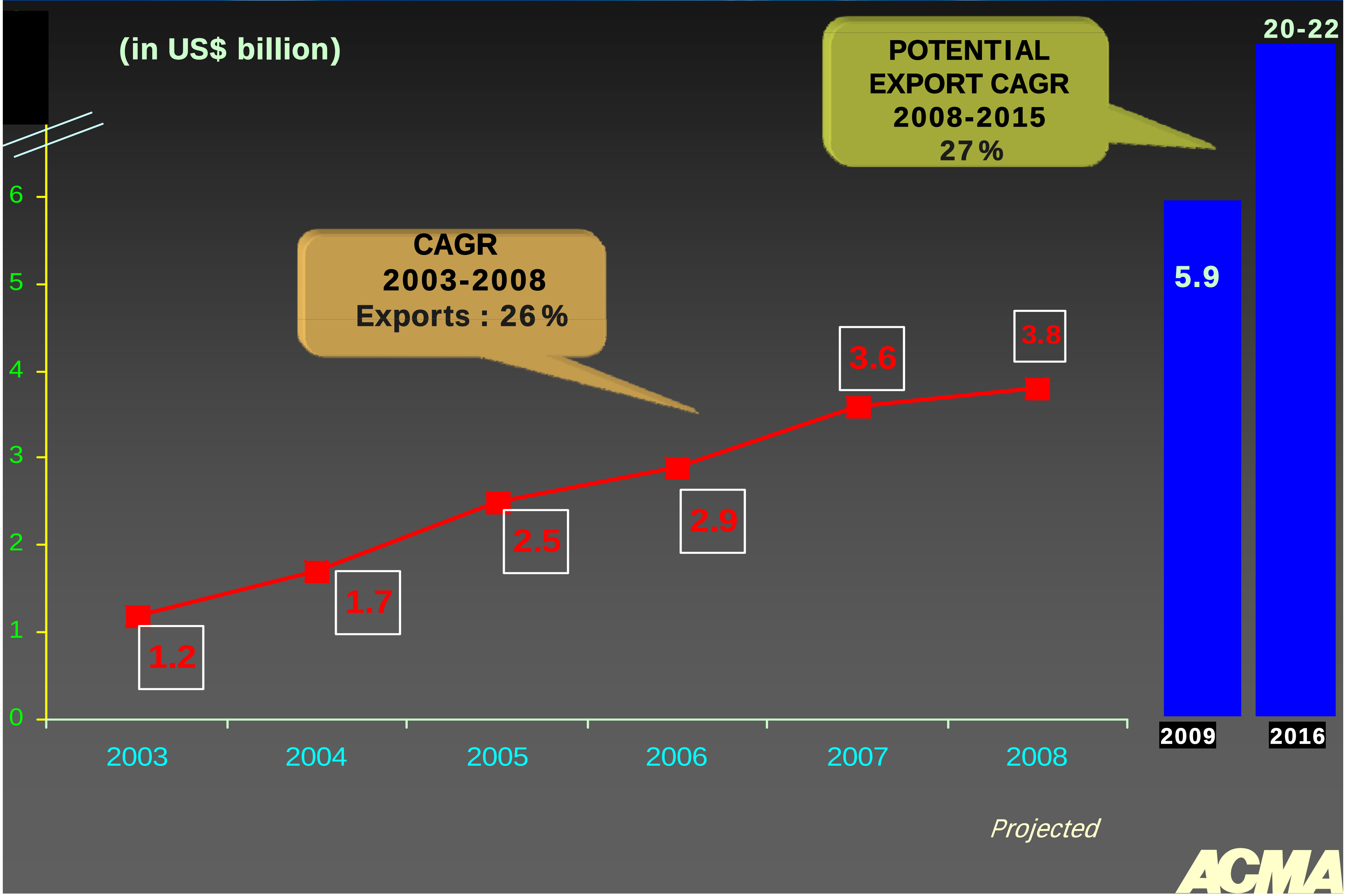
Auto Component Turnover



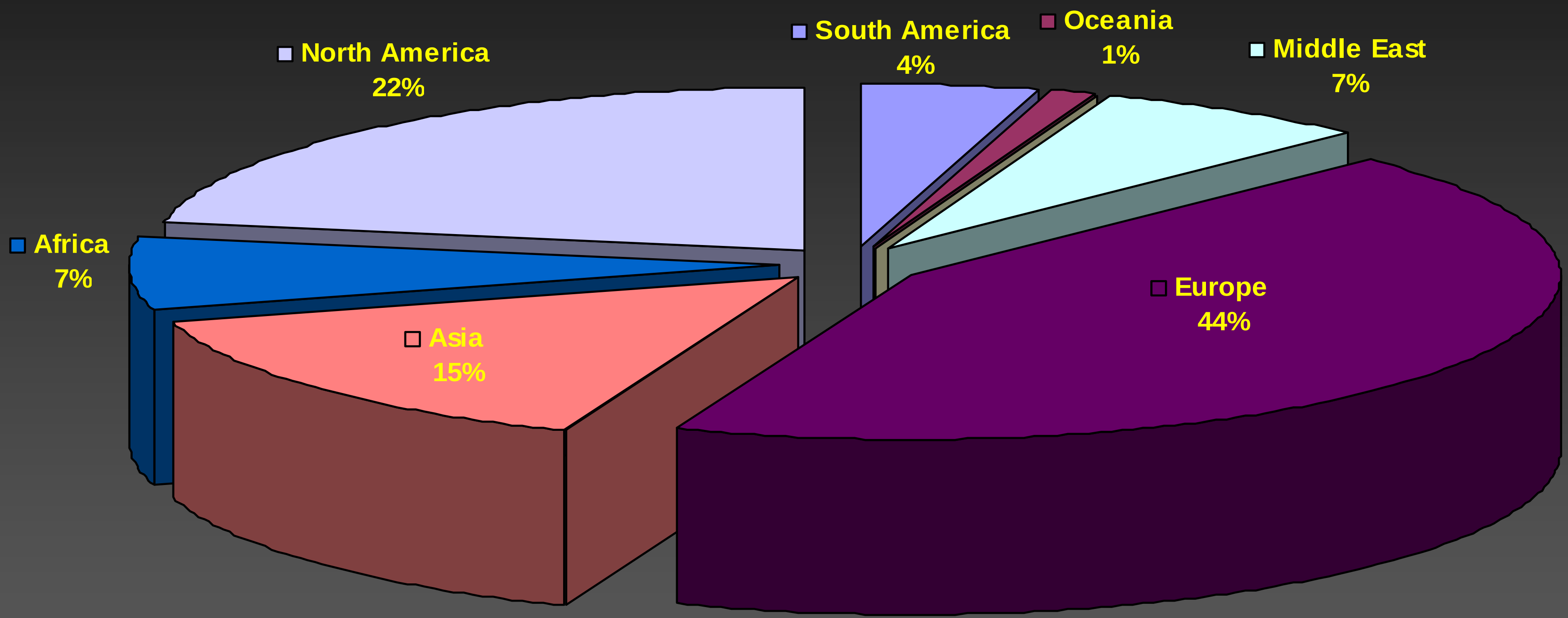
Source : MOHI Automotive Mission Plan (AMP)

Auto Component Industry – Exports

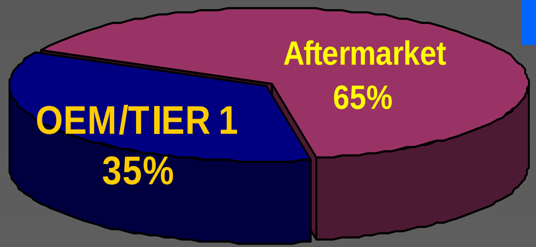


Direction of Exports

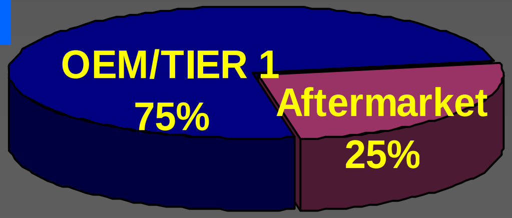
CONTINENT-WISE EXPORT OF AUTO COMPONENT 2007-08



COMPOSITION OF EXPORTS



1990s



2007

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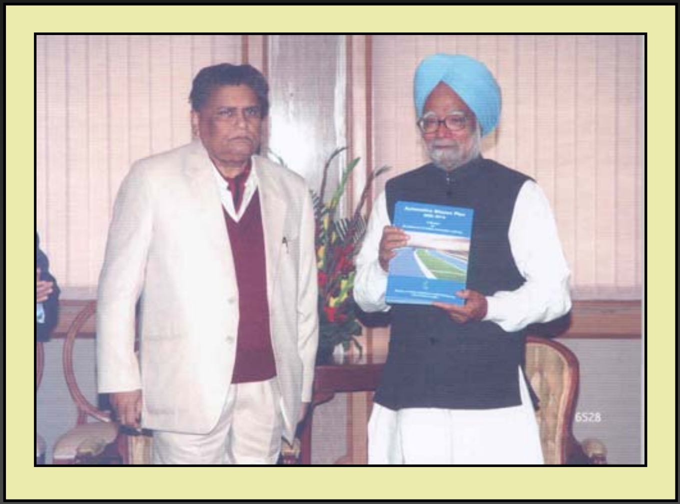
Increase in Sourcing Components from India

Tier 1 Companies Sourcing components from India

Automotive Mission Plan 2016



Government of India
SIAM
ACMA

Automotive
Plan 2016

On 29.01.07, the Prime Minister released Automobile Plan 2006 -2016 to give a road map to Indian Automobile Industry

Increase turnover to $145 billion by 2016 from $ 35 billion at present

Increase export revenue To $ 35 billion by 2016 from $ 4.1 billion at present

Provide employment to additional 25 million people by 2016

By 2016, the Automotive sector is expected to contribute 10% of the country's GDP and 30~35% of the Industry

Growth of the Automotive Component Industry directly linked with the growth of Automobile Industry.

Over 70 % sales to the OEM

20:20:1

- 20 — **Achieve $20 billion in Domestic Sales**
- 20 — **Achieve $20 billion in Exports Sales**
- 1 — **Create 1 million additional Jobs**

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Some Design & Research Centres in India

AVL
BOSCH
CATERPILLAR®
Cummins®
DELPHI
Driving Tomorrow's Technology
Ford
GM
HONDA
intel®
MAGNA
Mercedes-Benz
SUZUKI
Valeo
ACMA

Hybrid Scorpio: First in SE Asia!

- It is Diesel Electric
- Parallel, Full Hybrid Vehicle
- Offers
    - Start – Stop
    - Electric Launch
    - Torque Augmentation
    - Regenerative Braking
- Seamless, enhanced driving experience

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TATA NANO – A Disruptive Innovation

- SOP Q 1 2009
- Capacity 500K
- The Price Rs 100,000~($ 2000)

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Capability of Indian Component Suppliers

1. Conversant in all Global Automotive Standards
2. Investments in R&D to meet OE Customer requirements
3. Flexibility in small-batch production.
4. Growing IT Capability for Design, Development & Simulation.
5. Respect for Intellectual Property

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The Way Forward

1. Auto-Component Sector needs US $ 1.5 billion of new investments every year for next 8 years.

2. Overseas auto-component manufacturers, especially SMEs should invest more in capacity enhancements and green-field manufacturing in India – to meet growing domestic demand for auto-components.

3. Investments in Auto-IT sector is a high potential area.

4. To encourage **new wave** of partnerships at the Tier 2/3 level covering the entire automotive supply chain to address not only product technology, but also “Process Technology”.

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Areas of Cooperation

- Manufacturing
- Technology
- Research & Development
- Quality
- Environment

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The Addressable Opportunity…

- Establish Partners/JV in India for
  - Safety Components
  - Auto Electronics, Electromechanical Sub assemblies
  - Embedded Systems
  - Informatics & Telematics
  - New Material
  - Simulation Technology
- Collaboration for Manufacturing Excellence and Process Design
- Production Sharing in India & USA for a Holistic Service Capability
- Partnering for Global Requirements
- Merger & Acquisition

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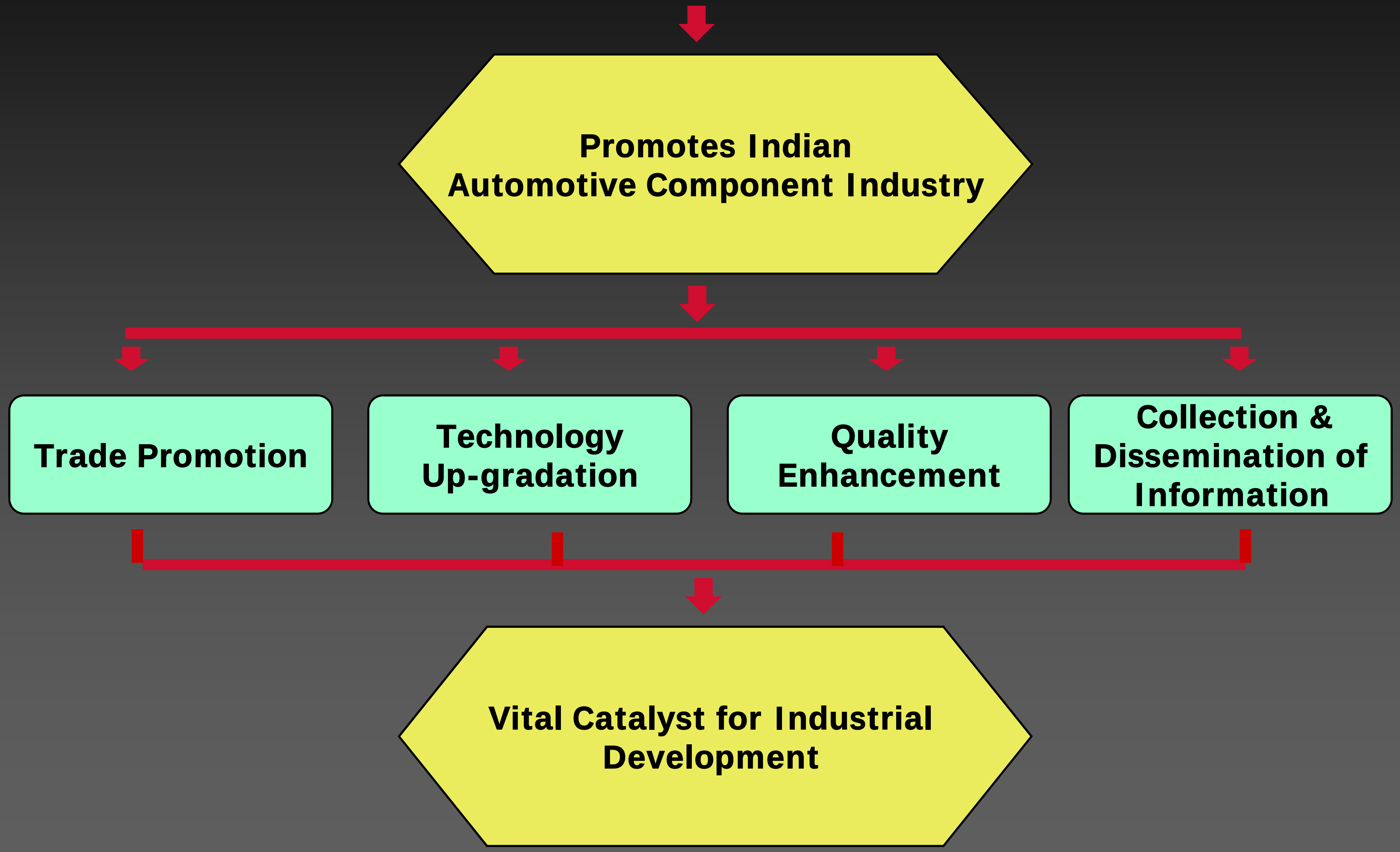
ACMA and Its Services



International Business Development

- Promote India as a Brand
- Organize Business Development Delegation Overseas
- Undertake Export Promotional Projects
- Organize Participation in Overseas Automobile Exhibitions & Fairs
- Global Interaction through Counterpart Association
- Facilitate potential Business Partnership of JV / Strategic Alliance
- Organize Private Exhibitions & Suppliers Conference
- Providing International Sourcing Forums
- Working closely with IPOs in India
- Dissemination of Export Enquiries

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AUTO EXPO 2010

BE A PART OF IT.

10th AUTO EXPO 2010 The Complete Automotive Show

www.autoexpo.in

The Complete Automotive Show

5th – 13th January, 2010, India

HIGHLIGHTS

- Spread over 70,000 square meters
- Over 1200 participants from 25 countries
- Conferences & Allied events
- New Vehicle/Product Launches
- Theme Pavilions
- Over one million visitors — 1,50,000 business visitors

ON DISPLAY

- Cars, SUVs
- Commercial Vehicles
- Heavy Vehicles
- Special Design Vehicles
- Two Wheelers & Three Wheelers
- Battery Operated Vehicles
- Alternate Fuel Vehicles
- Auto Components
- Auto Electronics
- Accessories
- Garage Equipments
- Oil & Lubricants

ACMA
Automotive Component Manufacturers Association of India

CII
Confederation of Indian Industry

SIAM
Society of Indian Automobile Manufacturers

Confederation of Indian Industry
Plot No. 249 F, Sector 18, Udyog Vihar, Phase IV, Gurgaon - 122 015, Haryana
Tel : 91-0124-4014060 to 67 (dial 95124 from Delhi) Fax : 4014057 & 80
email : roy.jacob@ciionline.org, rachna.jindal@ciionline.org

OICA

Early Bird Category bookings are open. For further details, log on to: **www.autoexpo.in** *look forward to strengthening its linkages & building partnerships!*

Thank You

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